HISTORY OF THE FARM SECURITY ADMINISTRATION

I. The Causes of Rural Poverty

One million farm families -- about five million people -- were on relief in 1933. Many more were in extreme poverty.

In earlier years, when the land wore out or his farm was foreclosed, a farmer could do two things. He could move west and start over again on new land; or he could go into the city and get a factory job. But in the last depression, both of these roads were closed. The factories were closed down, and millions of experienced city workers were out of jobs. Moreover, there was no more free land open for homesteading. The Nation was forced to find some new way to handle its rural relief problems.

The depression was not the sole cause of the farmer's troubles; it merely made them worse. The roots of the trouble ran back many years. Some of them were:

1. Over millions of acres, the soil was wearing thin. Thousands of families were trying to scratch a living out of land that was not fit for farming. Others were farming acreages too small to yield a decent living.

2. Many farmers simply did not know how to farm properly. They were raising a single cash crop -- cotton, wheat, tobacco -- with the same tools and methods their grandfathers had used. They could make some kind of a living this way, so long as prices were high and credit was plentiful. But when markets shrank, credit dried up, and the land continued to wear out, they were bound to fail.

3. The old system of farm credit was breaking down. "Character loans" with long-term credit, which country bankers used to make, were cut off by hard times and new banking practices. Landlords who once financed their tenants were too broke to carry them any longer. During the good years, many farmers had gone heavily in debt. Under depression conditions, they saw no prospect of paying off these debts -- and of course they could not get any more credit.

4. In many sections, large-scale commercial farmers, using expensive modern machinery, gradually were squeezing out the small farmer. The 1930 census revealed that 90 percent of all the farm products going to market came from only 50 percent of the farms. The other half of our farmers were getting only one-tenth of the gross cash income from agriculture. Moreover, the growing use of tractors and other labor-saving machinery was pushing thousands of tenants and sharecroppers off the land. Their labor simply was not needed any more — except for a few weeks during harvest.

5. Bad systems of farm tenure made all these troubles worse. Nearly half of the nation's farmers were tenants, and the number was increasing by about 40,000 every year. Many of these tenants were continually on the move; one-third of them shifted to a new farm every year. They had little reason to protect the land or build up the property, when they did not expect to be there next harvest season.

6. Finally, the population was growing faster in farm areas than anywhere else. As young folks grew up during the depression, they could not find jobs in the city, Machines were making fewer and fewer jobs on the farm. Erosion still was whittling away the amount of good farm land. Consequently, the land that was left became over-crowded, as the growing population piled up in the farming areas.

The result of all this was that hundreds of thousands of needy farm people were forced to turn to the government for help.

II. First Steps to Meet the Problem

A. Rehabilitation

In the early days of the depression, State Relief Administrations made grants of money or food to needy farm families, just as they did to the city unemployed. It was plain, however, that this kind of relief did little permanent good. It did not help the farmer to lick his troubles, and get back on his own feet.

A few states — especially Alabama and Texas — began a new experiment. Instead of handing out a dole to farmers, they began to loan them the tools and livestock they needed to make a living on the land. This was better than relief for two reasons: (a) it was cheaper; (b) it helped the farmer to help himself.

The idea spread. In the cotton states, mules or oxen, seed, and fertilizer were advanced to needy farmers. Tennessee and Wisconsin began to supply chickens, pigs, and cows — to provide food for the family — in addition to equipment and workstock.

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2. In many sections, independent commercial farmers, using expensive modern machinery, gradually were squeezing out the small farmer. The 1930 census revealed that 50 percent of all the farm products going to market came from only 11 percent of the farms. The other half of our farmers were getting only one-eighth of the gross cash income from agriculture. Moreover, the growing use of tractors and other labor-saving machinery was pushing thousands of tenants and sharecroppers off the land. Their labor simply was not needed any more — except for a few short cotton harvest.

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all over the country. It set a new goal — rehabilitation, instead of relief, for needy farm families. In 1934, FERA set up a Rural Rehabilitation Division, to get this new program started.

FERA authorized the State Emergency Relief Administrations to work out their own methods for distributing livestock and equipment to farm families which needed them. State relief administrators turned to the Colleges of Agriculture for aid in drafting their plans, since there was no precedent for this new program.

Several fundamental policies were soon worked out. The farm families were to get their necessary livestock, feed, and supplies as loans, which were to be repaid as circumstances permitted. Each loan was to be based on a farm and home management plan which provided that the family would raise its own food, build up the soil, and farm efficiently. Most of the state relief administrations set up State Rehabilitation Corporations to handle the new program. A total of $70,000,000 to finance these corporations was advanced by the Federal government.

More changes took place as the program developed. Instead of buying livestock and equipment and loaning it to the farmer, some government workers soon found it was better to loan money directly to the farmer and let him make his own purchases with the advice of government farm specialists. These cash loans were, of course, repayable in cash, which was better than the old system of payment "in kind." In the past it had often been hard to handle perishable farm produce, which the farmers turned over in payment of their debts, and to get them into the hands of consumers who needed them.

By April, 1935, more than 250,000 families had received rehabilitation loans, either in cash or in goods.

B. Resettlement

The State Rehabilitation Corporations soon found that rehabilitation loans did not work, when they were made to families living on land so worn out that it could not produce a living. Such families could make little progress; they rarely were able to pay back their loans, and often they had to come back for more help.

Consequently, FERA decided to try to help these families move to better land, where they would have a chance to get a new start. As a result, the first resettlement projects were started, under FERA and the State Rehabilitation Corporations.

C. Land Purchase

These resettlement efforts gave encouragement to another idea — worn-out farm land should be purchased by the Federal government and

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converted into better uses, such as forests, game preserves and parks. Consequently a program for purchasing submarginal land was started in 1934, jointly by the F.E.R.A. and the A.A.A.

For 15 years, the Division of Land Economics of the Department of Agriculture had been laying the foundations for such a program. A new study of land problems also was started by the Land Policy Section of A.A.A. Considerable help was given by the National Resources Committee, whose consultants were working out plans for better land use.

III. Subsistence Homesteads

Early in the depression many people believed that unemployment could be at least partially solved, if workers could live on small farms near industrial centers, earning part of their living in factories and raising their own food. In case the factories closed down, they would at least have somewhere to live and plenty to eat.

Therefore, the Division of Subsistence Homesteads was set up in the Department of Interior, with funds appropriated under the National Industrial Recovery Act. This agency started 33 small, part-time farming communities. Most of them were located near existing industrial centers. Others were built in exhausted mining or lumbering areas, where many families had become "stranded" because the industries in which they had worked had closed down for good. In these cases, it was expected that new industries would move into the homesteads communities.

IV. Easing the Debt Burden

Another attack on the problems of needy farm people was being made by the Farm Credit Administration. In October, 1933, FCA started a farm debt adjustment program, to help farmers scale down their debts. Local committees of farmers and businessmen were set up to meet with debt-burdened farmers and their creditors, and work out a friendly settlement. These adjustments were entirely voluntary: they usually provided for a reduction of the debt, lower interest rates, or a longer period for payment. In this way, the farmer escaped foreclosure, and the creditors got some payment on what might otherwise have been a bad debt.

V. The Resettlement Administration

On April 30, 1935, the President issued an Executive Order creating the Resettlement Administration, an independent agency combining all the activities described above into one program, designed to rehabilitate both needy families and worn-out land. It had four

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main divisions:

A. Land Utilization:

In May, 1935, all work of the Land Policy Section of A.A.A., the land program of F.E.R.A., and the regional and state land planning consultants of the National Resources Board were transferred to the Division of Land Utilization of the Resettlement Administration. Regional Resettlement Administration offices were set up, usually in the cities where the regional land policy offices had been located.

Under this program, Resettlement Administration was authorized to buy about 10,000,000 acres of submarginal land and change its use, so that it would produce a more stable income for the nation as a whole. Most of it was converted to pasture, forest, game preserves and parks.

Many families who had been stranded on this land were put to work on land development — planting trees, building dams, constructing roads and similar tasks. The W.P.A. co-operated in handling this employment.

Whenever possible, such families also were helped to get a new start on good farming land.

B. Resettlement Division:

This work of relocation was carried out by the Resettlement Division. It inherited the 33 projects started by the Subsistence Homesteads Division of the Department of Interior, and 19 projects started by F.E.R.A. Additional projects were started for families whose farms were purchased by the Land Utilization Division; and still others were begun to demonstrate new types of agricultural organization, or to test various methods of increasing security for tenant families. Altogether, 164 projects were undertaken. All building was under the direct supervision of the Construction Division and virtually all labor was taken from the relief rolls.

Although no two projects were quite alike, all of them may be grouped into four general classifications:

1. Subsistence Homesteads:

The residents earn part of their income in nearby factories and the rest by part-time farming. At nine projects which were not located near industrial centers, the Resettlement Administration and its successor, the Farm Security Administration, working with the help of co-operative associations, have brought in private industries — working under contracts — such as hosiery mills, clothing factories,

a wood-working plant and a tractor factory. These industries are operated by experienced private firms.

2. Community Farming Projects:

In most cases large acreages of good land were bought, and, after careful soil and farm management surveys, were subdivided into new farms which were rented or sold to people who settle at the project. In a few cases the farm houses were clustered together in one neighborhood, and the land was cultivated under some type of co-operative association. Most of these projects have special advantages in schools, stores, processing plants and other co-operative enterprises.

3. Scattered Farms:

Some projects consist of separate farms, scattered through one or more counties, which were purchased by the government and rented or sold to needy farm families. Old buildings have been repaired and new buildings have been put up wherever necessary.

Often these projects were known as "tenant purchase" or "farm tenant security projects." Under this program 1,000 tenant families in 10 Southern States got loans large enough to cover the purchase and improvement of family-size farms. These loans carried low interest rates and ran for long terms. These farm tenant security projects laid the foundation for the Bankhead-Jones Farm Tenant program which was developed after 1937.

4. Migrant Camps:

During the last ten years, thousands of families -- particularly in the so-called "Dust Bowl" -- have been forced off the land by drouth and wind-storms. In addition, many thousands of tenant families have been pushed off farms because machinery has been substituted for human labor.

Most of these families are trying to earn a living as wandering farm laborers -- usually as harvest hands in the fruit, cotton, truck farming, and beet districts. The greatest numbers have drifted to the West Coast States, the Rio Grande Valley, and certain sections of Florida. Most of them live in make-shift camps, without sanitary facilities or even a good water supply. Often such camps are a health menace, both to the migrants and to the communities in which they live.

To help remedy this situation, 53 migratory labor camps have been built along the West Coast, and in Texas and Florida. They consist of tent platforms, sanitary facilities, and sometimes a clinic and a school. They are open to all migrant families, so long as

there is room for them. Residents contribute a few hours of labor each week to the upkeep of the camp, and pay a small rental.

C. Rehabilitation:

On July 1, 1935, the Resettlement Administration took over the rural rehabilitation program from the F.E.R.A. In the beginning, it was planned to continue this work through the state rehabilitation corporations, but a ruling by the Comptroller General halted this method of operation. As a result it was necessary to set up state R.A. offices, taking over most of the rural rehabilitation corporation personnel. To avoid over-lapping, most of the state corporations turned over their management and their assets to R.A.

The rehabilitation loan program expanded rapidly — and for the first time in history, the government was combining credit with training in sound farming methods. Resettlement Administration county officials became supervisors, as well as loan agents, and each standard loan was based on a farm and home management plan.

1. Farm Debt Adjustment:

Many rehabilitation borrowers needed some kind of debt adjustment before satisfactory farm management plans could be worked out. Therefore, on September 1, 1935, the Farm Debt Adjustment work was transferred to R.A. from the Farm Credit Administration.

2. Co-operative and Community Service Loans:

Often a group of low-income farmers needs equipment or services which no one of them can afford by himself. In such cases, R.A. made a co-operative, or community service loan to the group. In this way farmers in the same neighborhood could get together to buy a tractor, combine, purebred sires, veterinary services, spraying equipment and many other things which no single farmer could buy alone.

VI. The Farm Security Administration

The Resettlement Administration, which had been set up as an independent agency, was made a part of the Department of Agriculture by an Executive Order of the President on December 31, 1936.

On September 1, 1937, the Secretary of Agriculture issued a memorandum creating the Farm Security Administration as successor to the Resettlement Administration.

Two major changes were made in the re-organization:

1. The Land Utilization Division was transferred to the

Bureau of Agricultural Economics. (A few months later it was again transferred to the Soil Conservation Service.)

2. FSA was assigned a new function -- administration of the Tenant Purchase program, authorized by Title III of the Bankhead-Jones Act, under which tenants, sharecroppers, and farm laborers are loaned money to buy farms of their own.

All of the other principal activities of the Resettlement Administration were retained by FSA. The chief emphasis, however, was placed upon the rehabilitation program and the new Tenant Purchase program. The resettlement projects under way were completed, and remained under the management of FSA; but no new projects were started.

Rexford G. Tugwell, who had been Administrator of Resettlement Administration from its beginning, resigned soon after the agency was brought into the Department of Agriculture. The Assistant Administrator, Dr. W. W. Alexander, was named as his successor; and Dr. Alexander became Administrator of the Farm Security Administration when the new agency was created. He continued in this position until July 1, 1940, when he resigned to take a position with the Defense Commission. C. B. Baldwin, Assistant Administrator of FSA, then was promoted to be Administrator.

A. <u>The Tenant Purchase Program</u>

Under the Bankhead-Jones Farm Tenant Act of 1937, Congress appropriated $10,000,000 for a cautious, experimental beginning of the tenant purchase program in the fiscal year ending June 30, 1938. For the next fiscal year it appropriated $25,000,000; and for the third year it appropriated $40,000,000. For the fiscal year ending June 30, 1941, Congress provided $50,000,000 in loan funds to be advanced from the Reconstruction Finance Corporation, plus a direct appropriation of $2,500,000 for administrative expenses and for supervision and collection of outstanding loans.

More than 13,000 loans were made to tenant families for the purchase of farms during the first three years of this program, and more than 9,000 loans were expected to be made with the $50,000,000 available for the 1940-41 fiscal year.

These loans are repayable over a 40-year period at three percent interest. They are made in a limited number of counties, designated by the Secretary of Agriculture on recommendation of State Farm Security Advisory Committees. County committees, consisting of three farmers, pass on the qualifications of applicants and on the farms which they propose to buy.

Wherever necessary TP loans include money for the repair of old buildings or the construction of new ones. The low-cost building plans developed under the resettlement program are being used by many tenant purchase borrowers.

Since many thousands of tenants cannot hope to become farm owners in the near future, the Farm Security Administration has developed a Tenure Improvement program to help them obtain better leasing arrangements, as part of its rehabilitation activities.

VII. Organization of FSA

A. County Office:

The "spearhead" of the Farm Security Administration program is the county office, where applications for loans are made, farm and home plans worked out, and the actual work of planning, supervision, debt adjustment, and collection is done. All contact with borrowers ordinarily is made through the county office. There are nearly 2,000 of these offices, each with a county supervisor, and usually a home management supervisor, and a stenographer or clerk, depending on the case load. The supervisors work with the borrowers by going to the farms, where they can actually see the problems each family faces.

B. District Office:

A district supervisor co-ordinates the work in several counties, approves rehabilitation loans, and works with county personnel on problem cases.

C. State Office:

The State Director, assisted by an Associate State Director in charge of home management, has charge of the work of the district and county supervisors in his state. He also sees to it that the program makes full use of the educational material available from the State Agricultural College, the Experiment Station, and the Agricultural Extension Service. He does a good deal of work in linking the program to that of other agencies in the state.

D. Regional Office:

Each of the twelve regional offices has full charge of the work in several states that have similar farming conditions and problems. A farm management staff and a home management staff work with supervisors in the field and advise the people in immediate charge of the rehabilitation and resettlement programs. All of the fiscal work on making loans is done in the regional office. The various resettlement projects ordinarily report directly to the regional office.

Each Regional Director has the services of advisers in Business Management, Labor Relations, Personnel, and Information. His office also has the help of a representative of the Solicitor's Office of the Department of Agriculture on legal problems. The Regional Finance Manager reports directly to the Washington Finance Division, but works closely with the Regional Director. The engineering work is done by District Engineers, most of whom are stationed at regional offices.

E. Washington Office:

The Washington Office is responsible for making policy, coordinating the work of FSA with other agencies, and performing service functions for the field offices.

The Administrator, aided by three Assistant Administrators, heads up the work of the organization. Reporting to these executives are three major operating divisions which run the Rehabilitation, Tenant Purchase, and Resettlement programs.

To carry out the necessary staff functions relating to these programs, there are nine other divisions concerned with Audit, Business Management, Finance, Information, Investigation, Personnel, Labor Relations, Procedure, and Engineering.

The officers of the Farm Security Administration and the regional directors, with the regions which they direct, are as follows:

Administrator	C. B. Baldwin
Assistant Administrators	George S. Mitchell Robert S. Hudgens John O. Walker

(Address: Washington, D. C.)

REGION I — Maine, New Hampshire, Vermont, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, and Massachusetts. James H. Wood, Regional Director, 17 Brief Avenue, Upper Darby, Pennsylvania.

REGION II — Michigan, Wisconsin, and Minnesota. Harry S. Muir, Regional Director, County Courthouse, Milwaukee, Wisconsin.

REGION III — Illinois, Iowa, Indiana, Missouri, and Ohio. P. G. Beck, Regional Director, 342 Massachusetts Avenue, Indianapolis, Indiana.

REGION IV	Virginia, West Virginia, Kentucky, Tennessee and North Carolina. H. H. Gordon, Regional Director, State Agricultural College, Raleigh, North Carolina.
REGION V	South Carolina, Georgia, Florida and Alabama. Ernest S. Morgan, Regional Director, 305 Montgomery Street, Montgomery, Alabama.
REGION VI	Arkansas, Mississippi and Louisiana. A. D. Stewart, Regional Director, Donaghey Trust Building, Seventh and Main Streets, Little Rock, Arkansas.
REGION VII	North Dakota, South Dakota, Nebraska and part of Kansas. Cal A. Ward, Regional Director, Union Terminal Building, Lincoln, Nebraska.
REGION VIII	Parts of Oklahoma and Texas. C. M. Evans, Regional Director, Parry Avenue at Commerce Street, Dallas Texas.
REGION IX	California, Nevada, Utah, and Arizona. Laurence I. Hewes, Jr., Regional Director, 30 Van Ness Avenue, San Francisco, California.
REGION X	Montana, Wyoming, and part of Colorado. Charles G. Brannan, Regional Director, 1025 Fourteenth Street, Denver, Colorado.
REGION XI	Washington, Oregon, and Idaho. Walter A. Duffy, Regional Director, Terminal Sales Building, Portland, Oregon.
REGION XII	New Mexico and parts of Texas, Colorado, Kansas, and Oklahoma. A. Wilson Cowen, Regional Director, Fifth and Filmore Streets, Amarillo, Texas.

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U. S. Department of Agriculture
Farm Security Administration
October 10, 1940
(Revised 10/21/41)